

November 13, 2019

The Honorable Nancy Pelosi, Speaker
United States House of Representatives
1236 Longworth House Office Building
Washington, D.C. 20515

The Honorable Mitch McConnell, Leader
United States Senate
317 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Kevin McCarthy, Leader
United States House of Representatives
2468 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Charles Schumer, Leader
United States Senate
322 Hart Senate Office Building
Washington, D.C. 20510

Re: Urgent Need to Repeal Unrelated Business Income Tax (UBIT) on Nonprofit Qualified Parking and Transportation Fringe Benefits in Section 512(a)(7)

Dear Speaker Pelosi and Leaders McConnell, McCarthy and Schumer:

On behalf of the UBIT Coalition, which includes over 115 national and regional tax-exempt organizations and associations, we are writing to restate our call on Congress to repeal Internal Revenue Code (Code) Section 512(a)(7) and its 21-percent tax on qualified transportation fringe benefits that tax-exempt employers provide to employees and to **request that you include the repeal of this misguided and harmful new tax upon America's charities in the Continuing Resolution to be enacted this month.**

We are grateful Congress recognizes the need for repeal, as demonstrated by legislation that passed the House in December 2018 and passed the Committee on Ways & Means in June 2019. Additionally, multiple bipartisan bills have been introduced in both chambers, such as the *Lessen Impediments from Taxes (LIFT) for Charities Act of 2019* (H.R. 1545 / S. 632) and the *Preserve Charities and Houses of Worship Act of 2019* (S. 1282). Tax-exempt organizations, which include houses of worship, charitable organizations, nonprofits and associations, rely on limited resources to pursue their missions in public service. Missions that serve communities and families, promote safety, offer spiritual and emotional / relational care, and myriad other services, are jeopardized by this tax.

Notwithstanding, as a community, tax-exempt organizations strengthen the economy. Following are notable data points that demonstrate the important role tax-exempts serve in America's economic wellbeing:

- There are more than 1.3 million 501(c)(3) religious and charitable organizations nationwide;
- There are more than 62,000 trade and professional organizations nationwide;¹
- Nonprofit organizations employ 12.5 million Americans / 10.2 percent of the private workforce;²
- Nonprofit organizations' collective share of GDP is over five percent;³ and
- According to a recent report, "most charitable nonprofits are relatively small: 97 percent have budgets of less than \$5 million annually, 92 percent operate with less than \$1 million per year and 88 percent spend less than \$500,000 annually for their work."⁴

¹ IRS Data Book 2018; North American Industry Classification System (NAICS); U.S. Census Bureau

² Research Data on the Nonprofit Sector, 2017 Annual Averages. U.S. Bureau of Labor Statistics. March 2019; <https://www.bls.gov/bdm/nonprofits/nonprofits.htm>.

³ IRS Data Book 2016; North American Industry Classification System (NAICS); U.S. Census Bureau

⁴ Nonprofit Impact Matters, page 17; <https://www.nonprofitimpactmatters.org/site/assets/files/1/nonprofit-impact-matters-sept-2019-1.pdf>.

We are grateful bipartisan leaders in Congress agreed that this onerous tax and filing requirement on America's charities should be repealed. As we enter the holiday season – when so many Americans make their charitable contributions – time will soon run out to roll back this burden before another filing season. It is imperative tax-exempt organizations receive immediate relief, as repealing Section 512(a)(7) now would shield from them further harm of a delayed repeal in 2020.

For these reasons, we urge you to repeal Code Section 512(a)(7) by any available legislative means, including the proposed Continuing Resolution.

Enclosed, please find a UBIT Coalition member list and letter from April 16, 2019, and a faith-based coalition letter from June 19, 2019.

Thank you for your attention to this critical matter. If you have questions, please contact Mary Kate Cunningham, CAE, Vice President of Public Policy for the American Society for Association Executives (mcunningham@asaecenter.org).

UBIT Coalition

CC:

The Honorable Richard Neal, Chairman
United States House Committee on Ways & Means
1102 Longworth House Office Building
Washington, D.C. 20515

The Honorable Kevin Brady, Ranking Member
United States House Committee on Ways & Means
1102 Longworth House Office Building
Washington, D.C. 20510

The Honorable Chuck Grassley, Chairman
United States Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, D.C. 20515

The Honorable Ron Wyden, Ranking Member
United States Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, D.C. 20510

UBIT Coalition Members

Agricultural Retailers Association
Airports Council International - North America
American Academy of Orthopaedic Surgeons
American Alliance of Museums
American Association for Clinical Chemistry
American Association of Intellectual and Developmental Disabilities
American Composites Manufacturers Association
American Farm Bureau Federation
American Gas Association
American Horse Council
American Hospital Association
American Network of Community Options and Resources
American Payroll Association
American Public Works Association
American Society of Addiction Medicine
American Society of Anesthesiologists
American Society of Association Executives
American Society of Clinical Hematology
American Society of Health-System Pharmacists
American Speech-Language-Hearing Association
American Veterinary Medical Association
Ambulatory Surgery Center Association
Aronson, LLC
Asian American Hotel Owners Association
Associated Builders and Contractors
Association for Commuter Transportation
Association of Art Museum Directors
Association of Director Response Fundraising Counsel
Association of National Advertisers
Association of Public & Land-Grant Universities
Association of Schools and Colleges of Optometry
Baptist Joint Committee
California Association of Nonprofits
CCIM Institute
College and University Professional Association for Human Resources
Construction Specifications Institute
Consumer Healthcare Products Association
Consumer Technology Association
Council for Advancement and Support of Education
Council for Christian Colleges & Universities
Council of Michigan Foundations
Council on Foundations
Credit Union National Association
Dance/USA and OPERA America
Edison Electric Institute
Endocrine Society
Episcopal Church
Ethics & Religious Liberty Commission
Evangelical Council for Financial Accountability

Faith & Giving Coalition
Financial Services Institute
Girl Scouts of the USA
Goodwill Industries International
Hearth, Patio & Barbecue Association
Human Services Council
Independent Sector
Institute of Electrical and Electronics Engineers, Inc.
Institute of Food Technology
Institute of Management Accountants
Institute of Real Estate Management
Jewish Federations of North America
JohnsonLambert
K&L Gates
Kentucky Society of Association Executives
LeadingAge California
League of American Orchestras
Licensed Professional Counselors Association of Georgia
Michigan Nonprofit Association
Michigan Nonprofit Association
Morgan, Lewis & Bockius LLP
National Archive and Retired Federal Employees Association
National Association of Chain Drug Stores
National Association of College and University Business Officers
National Association of County and City Health Officials
National Association of Evangelicals
National Association of Independent Schools
National Association of Trial Lawyer Executives
National Association of Veterans' Research and Education Foundations
National Business Officers Association
National Council of Agricultural Employees
National Council of Nonprofits
National Disability Rights Network
National Electric Manufacturers Association
National Retail Federation
National Roofing Contractors Association
National University of College and University Business Officers
New York Council of Nonprofits
Northeastern Retail Lumber Association
NTCA - The Rural Broadband Association
NYC Veterans Alliance
Ohio Society of Association Executives
Ohio Trucking Association
Rail Passengers Association
RAINN
Renal Physicians Association
RIMS The Risk Management Society
Scenic America
Smith Dawson & Andrews
South Dakota School of Mines and Technology
Southeastern Council of Foundations

The Association of Accountants and Financial Professionals in Business The Diving Equipment & Marketing Association
The Nonprofit Alliance
Theatre Communications Group
Uncorked Advocates
Union of Orthodox Jewish Congregations of America
United Philanthropy Forum
United States Conference of Catholic Bishops
Volunteers of America
Wagner Law Group
Washington Council Ernst & Young
Washington Nonprofits
Webster, Chamberlain & Bean LLP
YMCA

April 16, 2019 UBIT Coalition and June 19, 2019 faith-based coalition letters to follow.

April 16, 2019

The Honorable Richard Neal, Chairman
U.S. House Committee on Ways & Means
1102 Longworth House Office Building
Washington, D.C. 20515

The Honorable Chuck Grassley, Chairman
U.S. Senate Committee on Finance
219 Dirksen Senate Office Building
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The Honorable Ron Wyden, Ranking Member
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219 Dirksen Senate Office Building
Washington, D.C. 20510

Re: Unrelated Business Income Tax on Qualified Transportation Fringe Benefits in Section 512(a)(7)

Dear Chairmen Neal and Grassley, and Ranking Members Brady and Wyden:

Tax-exempt organizations have limited resources to devote to their missions and need your immediate leadership to provide relief from a significant new tax burden created by the 2017 Tax Cuts and Jobs Act (TCJA). Without your swift action, these tax-exempt entities upon which Americans rely will be forced to divert their time and resources away from their missions to calculate and then pay the new 21-percent unrelated business income tax (UBIT) the TCJA imposed on qualified transportation and parking benefits that tax-exempt groups provide to their employees. Not only do these organizations now have to pay a hefty tax on these benefits, but they must put a value on the benefit offerings as well, which can be difficult when there is no clearly defined valuation method. Although the IRS issued some interim guidance in late 2018, it is incomplete and raises more questions for tax-exempt organizations that struggle to comply.

Administratively, the new tax is excessively burdensome. This new requirement forces many tax-exempt employers, including churches and other places of worship, to file federal Form 990-T for the first time, irrespective of their engagement in unrelated business activity. Many organizations have already misfiled Form 990-T or missed filing deadlines altogether. A study commissioned by Independent Sector reveals that 156 organizations reporting UBIT for the first time will incur an estimated \$200,000 in administrative expenses.¹ Those nonprofits responding to the survey also estimated that they will see an average of nearly \$12,000 diverted from their mission in order to meet this increased tax and administrative burden. Many large organizations will be forced to divert even larger sums from their missions to pay the new tax while smaller nonprofits are likely to pay more in accounting and legal fees spent trying to interpret and comply with the law than they actually pay in taxes.

To be clear, subjecting the tax-exempt sector to UBIT on transportation and parking benefits has and will continue to divert funds otherwise designated for valuable mission-related services.

¹ How the TCJA's New UBIT Provisions Will Affect Nonprofits: A Tax on Transportation Fringe Benefits and Separate Reporting of Unrelated Business Income Streams, Urban Institute, January 2019. Available at <https://independentsector.org/resource/research-on-ubit-provisions-in-2017-tax-cuts-and-jobs-act/>

Additionally, many localities require tax-exempts of a certain size to provide transportation fringe benefits to employees, meaning many organizations are subject to the tax simply for complying to local mandates. Moreover, several states couple their state laws to federal law, thus exposing churches and charities to additional tax liability. As noted above, time is of the essence, because many tax-exempt organizations must compute and make tax payments on or before April 15.

For these reasons, **the undersigned organizations urge you to take action immediately to fully repeal this undue and burdensome UBIT on tax-exempts.** Thank you for your attention to this critical matter. We look forward to working with you to support the productive, dynamic and mission-driven tax-exempt sector. If you have questions, please contact Mary Kate Cunningham, CAE, Vice President of Public Policy for the American Society for Association Executives (mcunningham@asaecenter.org).

CC:

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Washington, D.C. 20510

The Honorable Chuck Schumer, Leader
U.S. Senate
322 Hart Senate Office Building
Washington, D.C. 20515

Signers

Alabama

- Alabama Council of Association Executives

Alaska

- The Foraker Group

Arizona

- Alliance of Arizona Nonprofits
- Caritas Law Group, PC

- EMPACT - Suicide Prevention Center
- Make Way for Books
- Southwest Cable Communications Association
- The Extra Credit Show

Arkansas

- Partners Against Trafficking Humans

California

- A Better Way
- Association Management Services, Inc.
- California Association for Research in Astronomy
- California Association of Nonprofits
- California Disability Services Association
- CalSAE
- Diving Equipment and Marketing Association
- Family Service Agency of the Central Coast
- Firelight Foundation
- House Ear Institute
- Jewish Family Service of Los Angeles
- Los Angeles County Bar Association
- Project Apis m.
- Raizes Collective
- The Ralph M. Parsons Foundation
- The San Francisco Foundation

Colorado

- Black Ops Rescue
- Caring for Colorado Foundation
- Children's Hospital Colorado Foundation
- Children's Museum of Denver at Marsico Campus
- Colo Society of Association Executives
- Colorado Association of Funders
- Colorado Association of Local Public Health Officials
- Colorado Nonprofit Association
- Cottonwood Institute
- Family Tree, Inc.
- Gateway Prayer Garden
- Kavod Senior Life
- Lincoln Hills Cares
- Liver Health Connection
- Memorial Hospital Foundation
- River Deep Foundation
- Safehouse Progressive Alliance for Nonviolence

- Severe Weather Shelter Network
- Shadhika Project Inc.
- The Adoption Exchange, Inc.
- Weld Food Bank

Connecticut

- Easterseals of Oak Hill
- CT Community Nonprofit Alliance
- The Jackson Laboratory
- Mental Health Connecticut
- MHC Homes
- The Prentice Foundation
- YWCA Hartford Region

Delaware

- Delaware Alliance for Nonprofit Advancement
- Delaware Community Foundation
- Easterseals Delaware & Maryland's Eastern Shore
- Philanthropy Delaware
- United Way of Delaware

District of Columbia

- Airports Council International - North America
- American Association of Orthopaedic Surgeons
- American Farm Bureau Federation
- American Network of Community Options & Resources (ANCOR)
- American Society of Association Executives
- American Society of Civil Engineers
- Assn of Direct Response Fundraising Counsel
- Association of Christian Schools International
- Building Owners and Managers Association International
- Consumer Healthcare Products Association
- Council for Christian Colleges and Universities
- Council on Foundations
- Dance/USA
- Easterseals DC MD VA
- Entertainment Software Association (ESA)
- Eye Bank Association of America
- Faith & Giving Coalition
- Girl Scouts of the USA
- Independent Sector
- Linguistic Society of America
- National Association of College and University Business Officers
- National Consumer Voice for Quality Long-Term Care

- National Council of Nonprofits
- National Disability Rights Network
- Rape, Abuse & Incest National Network
- Senior Executives Association (SEA)
- The Nonprofit Alliance
- United Philanthropy Forum
- United States Catholic Mission Association
- World Vision, Inc. (US)

Florida

- Aaron Keith Robinson Foundation, Inc
- Coalition of Religious Communicators Associations
- Florida Nonprofit Alliance
- Light of the World Charities

Georgia

- Georgia Center for Nonprofits
- Georgia Society of Association Executives
- Habitat for Humanity International
- Southeastern Council of Foundations

Hawaii

- Aloha United Way
- Big Brothers Big Sisters Hawaii
- The Caregiver Foundation
- Hawai'i Alliance of Nonprofit Organizations
- Hawaii Youth Services Network
- Historic Hawaii Foundation
- Read To Me International Foundation

Idaho

- Aid For Friends, Inc.
- Boise Philharmonic Orchestra
- Concepts in Writing, Inc
- Framing Our Community, Inc.
- Hospice of Eastern Idaho, Inc
- Idaho Nonprofit Center
- Idaho Towing Association
- Jannus, Inc.

Illinois

- American Veterinary Medical Association
- Association Forum
- CCIM Institute

- Central States SER Jobs for Progress
- Doris & Victor Day Foundation
- Easterseals
- Forefront (Illinois)
- Friends of the Forest Preserves
- Illinois Collaboration on Youth
- Institute of Food Technologists
- Institute of Real Estate Management
- Land of Lincoln Goodwill Industries
- NAMA
- National Council of Teachers of English (NCTE)
- Palatine Township Senior Citizens Council
- SERCO
- Society of Actuaries
- Springfield Area Arts Council
- YMCA of the USA

Indiana

- Alpha Kappa Psi
- Alpha Kappa Psi Educational Foundation
- Alpha Kappa Psi Fraternity, Inc
- American Alliance of Orthopaedic Executives
- Indiana Philanthropy Alliance
- Indiana Society of Association Executives
- Sojourner Truth House

Iowa

- Black Hawk County Gaming Association
- Iowa Council of Foundations
- RJ McElroy Trust
- Siouxland Community Foundation

Kansas

- Nonprofit Connect

Kentucky

- Affordable Energy Corporation
- Carnegie Center for Literacy & Learning
- Cedar Lake Lodge, Cedar Lake Residences
- Family & Children's Place
- Hosparus Health
- Kentucky Lions Eye Foundation
- Kentucky Nonprofit Network
- Kentucky Society of Association Executives

- KY Society of Association Executives
- Lexarts Inc
- Louisville Parks Foundation
- MAKING A DIFFERENCE NOW (MADN)

Louisiana

- Alumni Arts Presents
- Baton Rouge Green
- Bossier Arts Council
- CASA New Orleans
- Court 13 Arts
- Crescent City Lights Youth Theater
- Focus Clubhouse Inc
- Giving Tree Counseling Services
- Goodwill Industries of North Louisiana
- Juniper Table
- Louisiana Association of Nonprofit Organizations
- Louisiana Association on Compulsive Gambling
- Louisiana Partnership for Children and Families
- Louisiana Public Health Institute
- Louvis Services
- R.E.J.O.I.C.E., Inc.
- St. Luke's Episcopal Mobile Medical
- SWANS, Inc.
- Trinity Community Center
- WriteEdu Tutoring Service
- Youth With A Mission Vision

Maine

- Maine Association of Nonprofits
- Acadia Center
- Bean's Corner Baptist Church
- Big Brothers Big Sisters of Southern Maine
- Camp Mechuwana
- Castine Historical Society
- CELL
- Child Evangelism Fellowship of Maine
- Coastal Opportunities
- College Guild
- Community Concepts, Inc.
- Day One
- Farmington Conference Center
- Friends of Fort Gorges
- Goodwill Northern New England

- Harbor House Community Service Center
- Healthy Peninsula
- Immigrant Legal Advocacy Project
- Independence Advocates of Maine
- Islesboro Affordable Property
- James Place
- Knox County Homeless Coalition
- Lakes Environmental Association
- Maine Council of Churches
- Maine Discovery Museum
- Maine Equal Justice
- Maine Interfaith Power & Light
- Maine Public Health Association
- Maine Resource Recovery Association
- Maine Robotics
- Maine Society of Certified Public Accountants
- Maine Student Veteran Alliance
- MANP Maine Association of Non Profits
- Milestone Recovery
- Next Step Domestic Violence Project
- Northern Maine Development Commission
- Owls Head Transportation Museum
- Piper Shores
- Portland Community Squash
- Portland Downtown
- Portland Media Center
- Portland Public Library
- Portland Wheelers
- ProsperityME
- Rangeley Lakes Heritage Trust
- Rockland Main Street, Inc.
- Rufus Porter Museum
- S.C.I.M.
- Schoodic Institute at Acadia National Park
- Ski Museum of Maine
- Southern Maine Conservation Collaborative
- Sweetser
- The Genesis Fund
- The Grand
- The Maine Center for Public Interest Reporting
- The Plant Memorial Home
- Trainriders Northeast
- Waldo Community Action Partners
- Waterford Historical Society

- Waterford Library Association
- Wayfinder Schools
- WindowDressers

Maryland

- American Association on Intellectual and Developmental Disabilities
- American Society of Addiction Medicine
- Association of Biomolecular Resource Facilities
- Entomological Society of America
- Goodwill Industries International, Inc.
- Maryland Nonprofits
- ONJO FSC CORP
- Renal Physicians Association
- Senior Dog Sanctuary of Maryland Inc
- Shepherds Of Zion Ministries International Church
- Side by Side, Inc.
- The Haney Company

Massachusetts

- Amherst Survival Center
- Ascentria Care Alliance
- Association for Commuter Transportation
- Bay Cove Human Services, Inc.
- Boys & Girls Clubs of Boston
- Bristol Elder Services, Inc.
- Center for Living & Working, Inc.
- CENTRO, Inc
- Community Action Program Legal Services, Inc. (CAPLAW)
- Community Resources for Justice
- Delta Projects
- Disability Resource Center, Inc.
- Easter Seals Massachusetts
- GLSEN
- Horace Mann Educational Associates
- JRI
- Kennedy Donovan Center
- LifeLinks/ The Arc of Greater Lowell
- Massachusetts Nonprofit Network
- Morgan Memorial Goodwill Industries
- NonProfit Data Management, LLC
- North Charles Mental Health, Inc.
- North Suffolk Mental Health Association, Inc.
- Pathlight, Inc.
- Philanthropy Massachusetts

- Pine Street Inn
- Providers' Council (Massachusetts Council of Human Service Providers, Inc.)
- Seven Hills Foundation
- Tapestry Health Systems
- The May Institute, Inc.
- The United Arc, Inc.
- Venture Community Services
- WORK, Inc

Michigan

- Amyloidosis Foundation
- Ann Arbor Hands-On Museum
- Ann Arbor Street Art Fair, Inc.
- Artrain, Inc
- Catholic Youth Organization for the Archdiocese of Detroit
- Council of Michigan Foundations
- Creative Many Michigan
- Fremont Area Community Foundation
- Helping Women Period
- HOPE Hospitality and Warming Center, Inc.
- Independent Consultant
- Jail and Outreach Ministry
- Methodist Federation for Social Action
- Michigan College Access Network
- Michigan Migrant Legal Assistance Project, Inc.
- Michigan Nonprofit Association
- Neutral Zone
- Opportunity Resource Fund
- Starr Commonwealth
- TechTown
- The Arts Alliance, Inc.
- The Center For Urban Youth & Family Development
- The Henry Ford
- United Way for Southeastern Michigan

Minnesota

- Associations North
- Bush Foundation
- LeadingAge Minnesota
- Minnesota Council of Nonprofits
- Minnesota Council on Foundations
- University of St. Thomas

Mississippi

- Mississippi Center for Nonprofits

Missouri

- The Church Alliance
- Cornerstones of Care
- National Council of the United States Society of St. Vincent de Paul, Inc.
- Network for Strong Communities
- Nonprofit Connect
- Painting Contractors Association

Montana

- Bitter Root Cultural Heritage Trust
- Florence Crittenton Home and Services
- Missoula Hell Gate Elks Lodge #383
- Montana Nonprofit Association
- The Montana Racial Equity Project
- United Way of Missoula County
- Women's Opportunity & Resource Development, Inc (WORD)

Nebraska

- Concordia University Nebraska
- Nonprofit Association of the Midlands

Nevada

- New Hope Foundation International

New Hampshire

- AIDS Response Seacoast
- Castle Preservation Society
- Center for New Beginnings
- City of Lebanon
- Easterseals New Hampshire
- Eli and Bessie Cohen Camps
- Episcopal Church of New Hampshire
- Full Circle Consulting
- Hypertherm, inc
- Jeanine & Company
- Journey Song
- Nashua Adult Learning Center, Inc
- New Hampshire Association for the Blind dba\Future In Sight
- New Hampshire Community Loan Fund
- NH Center for Nonprofits
- Portsmouth Music and Arts Center (PMAC)
- Rett's Roost

- Riverbend Community Mental Health, Inc.
- Seacoast Science Center
- Sullivan County Transportation
- The Freedom Café
- The Music Hall in Portsmouth
- The Water Project, Inc.
- Transport NH
- Upper Valley Transportation Management Association
- Waypoint
- White Birch Center
- YWCA New Hampshire

New Jersey

- 4CS of Passaic County
- Bergen Volunteer Medical Initiative
- Catholic Charities, Diocese of Trenton
- Center for Non-Profits
- Center for Family Services
- Children's Aid and Family Services, Inc.
- Concerned Persons for Adoption
- Collaborative Support Program of New Jersey, Inc.
- Community Action Partnership NJ
- Community Enterprises Corporation
- Cope
- Displaced Homemakers Network of NJ, Inc.
- Easterseals New Jersey
- Edison Greenways Group, Inc.
- Fabian Consulting, Inc.
- Family Connections, Inc.
- Family Promise of Morris County
- Holiday Express, Inc
- HomeFront
- Homes by TLC
- LADACIN Network
- Lake Hopatcong Foundation
- LeadingAge New Jersey
- MIA2HOPE International Ministry
- Neral & Company, PA
- New Jersey Association of Mental Health and Addiction Agencies, Inc.
- New Jersey Association on Correction
- New Jersey Future
- NewBridge Services, Inc.
- Palestinian American Community Center
- Partners for Women and Justice

- Perkins Center for the ARts
- Princeton AlumniCorps
- Princeton Project 55
- Sojihuggles Children's Foundation
- Studio Montclair Inc.
- The Atlantic Foundation
- The Connection for Women & Families
- VolunteerConnect
- Volunteers in Medicine
- Wiss & Company, LLP
- Youth Advocate Program

New Mexico

- Albuquerque Community Foundation
- Community Against Violence (CAV)
- Community Foundation of Southern New Mexico
- New Mexico Thrives
- Taos Community Foundation

New York

- 4heads Inc.
- Action for a Better Community Inc.
- Action for Older Persons, Inc.
- Adirondack Community Action Programs, Inc.
- Allegany County Community Opportunities and Rural Development
- Alliance of New York Family Councils
- Asian American Arts Alliance
- Better Neighborhoods, Inc.
- Cabrini of Westchester
- CAPTAIN Community Human Services
- Cattaraugus Community Action, Inc.
- Chautauqua Opportunities, Inc.
- Cayuga/Seneca Community Action Agency
- Charles Settlement House
- Chicken & Egg Pictures
- Commission on Economic Opportunity for the Greater Capital Region, Inc.
- Community Action of Greene County, Inc.
- Community Action of Orleans & Genesee, Inc.
- Community Action Partnership for Dutchess County
- Community Action Planning Council of Jefferson County, Inc.
- Community Action Program for Madison County Inc.
- Congregation Beit Simchat Torah
- Cortland County Community Action Program, Inc.
- CURE Childhood Cancer Association

- Da Capo Chamber Players, Inc.
- Dancewave
- Empire State Society of Association Executives, Inc.
- Family Service Society of Yonkers
- Film Forum, Inc.
- Foundation for The Open Eye, Inc.
- Girl Be Heard
- GLAAD INC
- Health Center Network of New York - HealthEfficient
- Heights and Hills, Inc.
- Hemophilia Association of New York
- Hester Street Collaborative, Inc.
- Hoyt Foundation
- Hudson River Heritage, Inc.
- Hudson Valley Current
- League of American Orchestras
- Lifespan of Greater Rochester
- Lifetime Assistance, Inc.
- M-CM Network
- MDMHS
- Mohawk Valley Community Action Agency, Inc.
- Mohawk Valley Library System
- New York Center for Interpersonal Development, Inc.
- New York Council of Nonprofits, Inc. (NYCON)
- Niagara Community Action Program, Inc.
- Nonprofit Coordinating Committee of New York
- Nubian Conservatory of Music
- NY Funders Alliance
- NYC Veterans Alliance
- OPERA America
- Opportunities for Otsego, Inc.
- Orthodox Union
- PAMAR Pan American Musical Art Research Inc.
- PathStone Corporation
- Planned Parenthood of Central and Western NY
- Plant Powered Metro New York
- Pro Action of Steuben and Yates, Inc.
- Queens Sickle Cell Advocacy Network .Inc
- Regional Economic Community Action Program, Inc. (RECAP)
- Rensselaer County Historical Society
- RIMS - The Risk Management Society
- Rural Health Network of SCNY
- Saratoga County Economic Opportunity Council, Inc. (EOC)
- Savvy Ladies

- Schoharie River Center, Inc.
- St. Ann's Corner of Harm Reduction, Inc.
- St. Joseph's Neighborhood Center
- The Community Place of Greater Rochester
- The New York Academy of Medicine
- The Richards Library
- The Strong National Museum of Play
- The Webster Apartments
- Theatre Communications Group
- Tioga County Rural Ministry, Inc.
- Tompkins Community Action, Inc.
- Ulster County Community Action Committee, Inc.
- Voices of Ascension Chorus & Orchestra
- Volunteer Legal Services Project of Monroe County
- West Fulton Arts, Inc.
- Westchester Jewish Community Services
- Women's eNews
- Zone 126

North Carolina

- Arts North Carolina
- Artspace
- Champion Fund (Phyllis and Mark Leppert Foundation for Fertility Research)
- Catholic Diocese of Charlotte
- Children and Family Services Center, Inc.
- Children's Law Center of Central North Carolina
- Easterseals UCP North Carolina & Virginia
- Hubzone Technology Initiative
- Larry King's Clubhouse: Children's Play & Care Center
- LIFE Skills Foundation
- MPC Certified Public Accountants
- North Carolina Center for Nonprofits
- North Carolina Justice Center
- North Carolina Theatre Conference
- Pathways For The Future, Inc.
- RAIN
- Saint John Neumann Catholic Church - Charlotte
- Scotland Community Health Clin
- Tryon Riding & Hunt Club
- YMCA of Western North Carolina

North Dakota

- African Arts Arena (AAA)
- Beyond Shelter, Inc.

- Bismarck Cancer Center
- Central ND Cancer Registry
- North Dakota Association of Nonprofit Organizations (NDANO)
- PATH North Dakota, Inc.
- The Bee and Butterfly Habitat Fund

Ohio

- Akron Center for Recovery, Inc.
- Esperanza Inc
- Heating, Air-conditioning, & Refrigeration Distributors International
- Licking County Foundation
- New Community Bible Fellowship
- Ohio Association of Nonprofit Organizations
- Ohio Society of Association Executives
- Philanthropy Ohio

Oklahoma

- Oklahoma Center for Nonprofits

Oregon

- Nonprofit Association of Oregon
- Oregon Society of Association Management
- Portland Youth Philharmonic

Pennsylvania

- Alleghenies Unlimited Care Providers
- Association of Independent Colleges and Universities of Pennsylvania
- Bell Socialization Services, Inc.
- Center for Advocacy for the Rights and Interests of the Elderly (CARIE)
- Centre Safe
- Children's Aid Society, SOPA District COB
- COBYS Family Services
- Easterseals Eastern PA
- Ohev Shalom Synagogue
- Pennsylvania Association of Nonprofit Organizations
- PHMC
- Pressley Ridge
- Society of Cable Telecommunications Engineers
- Spigel Consulting
- Special People in Northeast, Inc. (SPIN)
- Women for Sobriety, Inc.
- Women's Resource Center
- Youth ADVOCATE Programs

Rhode Island

- RICARES: Rhode Island Communities for Addiction Recovery Efforts
- Seven Hills Rhode Island

South Carolina

- Children's Trust of SC
- South Carolina Society of Association Executives
- Together SC
- United Way of the Midlands

South Dakota

- South Dakota Community Foundation

Tennessee

- College and University Professional Association for Human Resources
- Community Foundation of Cleveland and Bradley County
- Family & Children's Service
- Momentum Nonprofit Partners

Texas

- ACH Child and Family Services
- American Heart Association
- American Payroll Association
- Philanthropy Southwest
- Restaurant Facility Management Association
- Texas Council of Administrators of Special Education
- Texas Society of Association Executives

Utah

- Avian Sanctuary And Protection
- Canyonlands Field Institute
- Eagala
- Hero's Journey Content
- IJ & Jeanne Wagner Jewish Community Center
- The INN Between
- Latino Behavioral Health Services
- Mentors International
- Mundi Project
- R. Steven Chambers PLLC
- Salt Lake American
- Senior Charity Care Foundation
- The Family History Guide Association
- The Learning Center for Families DBA Root for Kids

- Utah Clean Energy
- Utah Friends of Basset Hounds
- Utah Nonprofits Association
- YCC Family Crisis Center

Vermont

- Common Good Vermont
- Vital Communities

Virginia

- After School Association of America
- American Alliance of Museums
- American Composites Manufacturers Association
- American Council of Engineering Companies of VA (ACEC/VA)
- ANA Nonprofit Federation
- Association of Child Life Professionals
- Center for Nonprofit Advancement
- Clean Fairfax
- Eisenman & Associates, Inc
- Evangelical Council for Financial Accountability
- GMEC SWVA
- Hampton Roads Ecumenical Lodgings & Provisions, In
- Hearth, Patio & Barbecue Association (HPBA)
- Home School Legal Defense Association
- Keeney Group, Inc.
- Meals on Wheels America
- Northern Virginia Chamber of Commerce
- Pet Industry Joint Advisory Council
- Society of American Florists
- Virginia Forestry Association
- Virginia Recreation and Park Society
- Virginia Rural Health Association
- Virginia Sheriffs' Association, Inc.
- Virginia Society of Association Executives

Washington

- Days for Girls International
- Olympic Peninsula Nonprofit Alliance
- Olympic View Community Foundation
- Stage West Community Theatre
- The Mockingbird Society
- Washington Nonprofits

West Virginia

- ArtsLink, Inc.
- Huntington Museum of Art
- Literacy Volunteers of Monongalia and Preston Counties
- Mountain Hospice Inc.
- MountainHeart Community Services, Inc
- West Virginia Nonprofit Association

Wisconsin

- Alliance for Strong Families and Communities
- AMPED Association Management

Wyoming

- Wyoming Nonprofit Network



June 19, 2019

The Honorable Richard Neal
Chairman
Committee on Ways and Means
United States House of Representatives
2309 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Kevin Brady
Ranking Member
Committee on Ways and Means
United States House of Representatives
1011 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Neal and Ranking Member Brady,

I am grateful for your attention to the concerns of nonprofit organizations and houses of worship regarding the unrelated business income tax provisions contained in the Tax Cuts and Jobs Act of 2017.

The Tax Cuts and Jobs Act of 2017 included a little-noticed provision, § 512(a)(7), which requires houses of worship and nonprofit organizations to pay taxes on the cost of their parking lots and transit benefits provided to employees. I am concerned about the troubling precedent this sets by entangling the IRS with houses of worship.

This provision effectively creates an income tax on churches for the first time in U.S. history. While I am confident the impacts of § 512(a)(7) were unintended, this provision originated in Congress and should be fixed through legislation.

On December 10, 2018, the Treasury Department issued guidance (IRS Notice 2018-99) regarding § 512(a)(7) which offered some relief. However, the Treasury guidance is cumbersome, requiring a four-step process to determine the amount of tax owed, which could likely vary month to month. Houses of worship and nonprofits should not be faced with this type of administrative burden.

These organizations of goodwill exist to serve the needs of their local communities. Tax experts predict this new tax will extract nearly \$1.7 billion in taxes from the charitable sector over ten years. The amount extracted is likely to grow as houses of worship and nonprofits are forced to shift resources from serving their charitable mission to dealing with paying this burdensome federal tax. This tax would take funds for the federal government that would otherwise be used to serve local communities and in so doing impose heavy administrative burdens on smaller organizations that have never had to file 990-T tax forms. The cost of compliance costs alone could exceed the total revenue collected from this policy.

Perhaps worst of all, this provision will hopelessly entangle the IRS with houses of worship, simply because these houses of worship allow their clergy to park in their parking lots. For good reasons grounded in the First Amendment, houses of worship are not required to file tax returns each year. This policy allows houses of worship to operate independently from the government and shields houses of worship from government interference and intrusive public inspection into their internal, constitutionally protected operations, as nonprofit tax returns are available to the public. Tax laws don't exist to give special privileges for religious organizations. They are meant to recognize that, unlike in other places and at other times, the state here doesn't regulate, or subsidize, the worship of God. The tax code ought to uphold, not undermine, this fundamental American principle.

I urge Congress to swiftly pass a full, bipartisan repeal of § 512(a)(7).

I appreciate your commitment to ensure the United States continues to be a country where nonprofits and houses of worship remain free from IRS entanglement and enjoy First Amendment protection.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Russell Moore". The signature is written in a cursive, flowing style.

Russell Moore

Cc: Members of the House Committee on Ways and Means